

1 **A. Yes. I found that very unusual. Maybe**
 2 **the money came in on a Wednesday. That weekend**
 3 **after the money came in, that following Monday,**
 4 **Fred had a brand new car in the parking lot. And**
 5 **I was shocked.**

6 **And he said to me -- well, no, no,**
 7 **no. He said the guy who owned the dealership**
 8 **called him and said that he could turn his car in**
 9 **now and get a new car. And I said that's kind of**
 10 **unusual, but I took it at face value, and I'm**
 11 **saying all right, well, that was fine. So the**
 12 **guy got a leased car and whatever.**

13 **I later found out that, you know,**
 14 **the company was paying for his car and his wife's**
 15 **car.**

16 **Q.** What's his wife's name?

17 **A. Victoria or Vicky Rappaport.**

18 **Q.** So continuing on, you get the funding.
 19 Did you have a conversation concerning payments
 20 made to Bonnie?

21 **A. Yes. In the context of what I said**
 22 **before, I said to Fred, I guess I remember**
 23 **sitting in his office and I said to him --**
 24 **because I thought that Bonnie really extended**
 25 **herself. I mean she was on the phone with the**

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1 **provider. She spent a lot of time. You know,**
 2 **she seemed to be advocating for getting this**
 3 **done.**

4 **And I said to him, I said, you**
 5 **know, are we taking care of Bonnie. And he said**
 6 **yes. And I didn't ask, you know, what or what it**
 7 **was, was it a dinner. I mean I don't know.**

8 **So in fairness to the answer to the**
 9 **question, I didn't really probe into what that**
 10 **was.**

11 **Q.** Do you have any doubt that there was a
 12 monetary compensation to Bonnie?

13 **A. In my opinion, the answer would be no.**
 14 **But I couldn't prove that she got money. But in**
 15 **my opinion, it would be that -- any time -- it**
 16 **has just been my history in having been involved**
 17 **in different kinds of transactions, when you use**
 18 **the words are you taking care, or is that person**
 19 **getting taken care of, it always means money. It**
 20 **doesn't mean a pat on the back. It doesn't mean**
 21 **anything else other than money.**

22 MR. SALDUTTI: Off the record.
 23 (Discussion off the record.)

24 BY MR. SALDUTTI:

25 **Q.** Mike, did you consider that a kickback

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EX A

1 to Bonnie?

2 **A. Yes.**

3 MR. SALDUTTI: Can we take a break?
 4 (Recess taken.)

5 BY MR. SALDUTTI:

6 **Q.** Mike, when you joined Lifestyle, did
 7 they have any revenue?

8 **A. No.**

9 **Q.** Did they have any infrastructure?

10 **A. No.**

11 **Q.** In the absence of you and your
 12 expertise, did they have any ability, did Fred
 13 Rappaport or George Popky have any ability to
 14 complete a project of this magnitude?

15 **A. No.**

16 **Q.** Okay.

17 MR. SALDUTTI: Off the record.
 18 (Discussion off the record.)

19 BY MR. SALDUTTI:

20 **Q.** Mike, the property that was the center
 21 or the location of the project was in Bensalem?

22 **A. Yes.**

23 **Q.** We've learned that that property was
 24 placed in the name of a different Lifestyle
 25 entity.

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1 **A. Yes.**

2 **Q.** Would you agree that that property was
 3 placed in that name of a different entity to make
 4 the project judgment proof?

5 **A. Yes.**

6 **Q.** Would you agree that that transfer of
 7 that property, transfer or that property being
 8 placed in the name of a different entity, was an
 9 attempt to avoid creditor claims?

10 **A. Yes.**

11 **Q.** Stepping back, did you ever learn or
 12 come to realize that of the nine million dollar
 13 loan that was from Customers, funds were being
 14 diverted to other Rappaport and Popky businesses?

15 **A. Yes.**

16 **Q.** What were the names of those entities?

17 **A. Lifestyle Healthcare Spa. It had the**
 18 **name, but Lifestyle had no ownership of that. It**
 19 **was not part of the company structure. It was a**
 20 **free independent operating company.**

21 **Q.** Who owned that?

22 **A. It was my understanding that Vicky**
 23 **Rappaport was one of the owners of that.**

24 **Q.** And did she or Lifestyle Spa provide any
 25 services to Lifestyle Group?

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